March ,1994 and suggest Such corrective measures as are deemed necessary also keeping in view of the financial requirtements of the Centre. It is for the State Government to present their case to the Tenth Finance Commission in this regard.

2640. *(Tranferred to* 21st April, 1994)

**Arrears of Income Tax against brokers**

2841. SHRI MENTAY PADMANABHAM; Will the Minister of FINANCE be pleased to state:

(a) whether Government's attention has been drawn to the newsitem which appeared in the Economic Times dated the 23rd February, 1994 captioned "4 Brokers owe Rs. 100 crores LT.";

(b) if so, whether it is a fact that 4 brokers owe Rs. 100 crores as 1: come Tax; and

(c) what are the reasons for a compassionate approach by the Ministry of Finance towards such defaulters?

THE MINISTER OF STATE. IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) to (c) Demands exceeding Rs. 121 crores have been raised for assessment year 1990-91 in the cases of four brokers belonging to bear cartel. The matter has been inferred to the Custodian to make provision for payment of demand raised against the notified persons. Therefore, the question of adopting a compassionate approach towards these defaulters does not arise.

**Rejection of recommendation of Narasimhan Committee on merger of Rural Banks**

2642. SHRI GHUFRAN AZAM:
SHRI KRISHNA KUMAR BIRLA;

Will the Minister of FINANCE be pleased to state;

(a) whether the RBI has rejected the recommendation of the Narasimhan Committee that the regional rural banks should be merged "with the sponsor bank's rural banking subsidiaries; and

(b) if so, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (DR. ABRAR AHMED); (a) and (b) After considering a number of alternative models for restructuring of Regional Rural Banks (RRBs) including their merger with Sponsor Bank's rural banking subsidiaries as recommended by Narasimhan Committee, it has been decided to revamp the RRBs by cleaning up of their Balance Sheets on a 'Stand Alone' basis. Accordingly as announced by the Finance Minister in his Budget speech en 28.2.94 it is proposed to take up 50 of the 198 RRBs all over the country in the course of 1994-95 for undertaking comprehensivs restructuring including cleaning up of their balance sheets and infusion of fresh capital. The experience with these 50 RRBs will guide the approach in later years to the other RREa. The objective is to transform presently weak and ailing RRBs into financially viable and effective instruments of decentralised rural banking.